

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

THE OFFICIAL COMMITTEE OF)
UNSECURED CREDITORS OF)
ALLEGHENY HEALTH, EDUCATION)
AND RESEARCH FOUNDATION,)
)
Plaintiff,) Civil Action No. 00-684
)
v.)
) Judge David Stewart Cercone
PRICEWATERHOUSECOOPERS, LLP,)
)
Defendant.)

**APPENDIX TO THE COMMITTEE'S RESPONSE TO PwC'S STATEMENT OF
UNDISPUTED AND MATERIAL FACTS UNDER LOCAL RULE 56.1(C)(1)**

VOLUME 4

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July 11, 2005

Rocha-Sinha Dep.

In The Matter Of:

**AHERF v.
PRICEWATERHOUSECOOPERS, LLP.**

EMMELINE ROCHA-SINHA

August 5, 2003

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<p style="text-align: right;">Page 114</p> <p>1 Emmeline Rocha-Sinha 2 receive audited financial statements on an annual 3 basis at a minimum in order to accurately measure 4 what the financial standing of the institution 5 was, assuming that the audited financial 6 statements were accurate. We never went back and 7 questioned as to whether they were accurate or 8 not. We took it at its face value that yes 9 indeed, they are accurate. It was absolutely 10 critical that we obtain that information because 11 it gave us a measure of how well or poorly the 12 institution was performing.</p> <p>13 Q. Why was it important for MBIA to 14 have that understanding?</p> <p>15 A. Because that is the basis under 16 which we are making our decisions as to whether 17 we should insure a particular transaction or not.</p> <p>18 Q. I understand that, perhaps I asked a 19 confusing question. What I am asking is why is 20 it important for MBIA to receive annual 21 statements once bond insurance has been provided?</p> <p>22 A. Because it enables us to perform a 23 valid monitoring function and it gives us early 24 warning signals that there might be difficulty 25 that this institution might face in the near</p>	<p style="text-align: right;">Page 116</p> <p>1 Emmeline Rocha-Sinha 2 at a minimum, absolutely. We also required 3 quarterly financial statements. Now, these 4 quarterly financial statements are not audited, 5 but we absolutely would take a look at them and 6 this is a responsibility of the monitoring side 7 of our operations of MBIA.</p> <p>8 Q. In terms of crafting of financial 9 reporting requirement, that was in part a 10 function of the health care unit with respect to 11 health care bonds that MBIA provided insurance 12 for?</p> <p>13 MS. MITCHELL: Objection.</p> <p>14 A. Correct.</p> <p>15 Q. Was it also the case that MBIA could 16 request monthly unaudited financial statements as 17 a condition of providing bond insurance?</p> <p>18 A. Typically not at the time of 19 providing bond insurance. Monthly statements 20 would be required if we start seeing some 21 deterioration in financial performance.</p> <p>22 Q. Am I correct then in seeing a 23 deterioration in financial performance, you would 24 assess the trend over time?</p> <p>25 A. Yes.</p>
<p style="text-align: right;">Page 115</p> <p>1 Emmeline Rocha-Sinha 2 future. It's extremely important for us to 3 monitor a transaction on an ongoing basis because 4 we look to detect and see any changes in the 5 financial standing of the institution and 6 whatever changes we see then we will pursue those 7 changes further with management in terms of 8 determining the reasons for the change, what kind 9 of remedial action management is taking to change 10 that situation, do they expect the situation to 11 continue, what is causing that particular change 12 to have occurred and what are management's plans. 13 And if we're not satisfied with the 14 answers we obtain from management, we will then 15 require management to go out and obtain a 16 consultant and come in and do an analysis of the 17 institution, all in the hope of never ever, ever 18 getting to a situation of where we will have to 19 make a payment under our policy. So it's 20 extremely critical that we obtain these audited 21 financial statements on an annual basis 22 Q. I believe you testified that at a 23 minimum MBIA required in a typical case annual 24 financial statements, correct? 25 A. Audited annual financial statements</p>	<p style="text-align: right;">Page 117</p> <p>1 Emmeline Rocha-Sinha 2 Q. In assessing the trend over time you 3 would rely the quarterly statements, in addition 4 to the annual statements?</p> <p>5 A. Correct.</p> <p>6 Q. Am I correct that the quarterly 7 statements provided in the typical case more 8 timely information than the annual statements?</p> <p>9 A. Yes.</p> <p>10 Q. So you would use both to establish a 11 trend for a particular issuer?</p> <p>12 A. Yes.</p> <p>13 MR. KRUSKO: Let's go off the 14 record.</p> <p>15 THE VIDEOGRAPHER: Off the record at 16 12:18. 17 (Off-the-record discussion held.) 18 THE VIDEOGRAPHER: Back on the 19 record, it's 12:19 tape 2. 20 (Document Bates numbered MBIA 21 010762 through MBIA 010929, marked Exhibit 22 1865 for identification.) 23 (Document Bates numbered MBIA 24 001785 through MBIA 001808, marked Exhibit 25 1866 for identification.)</p>

<p>1 Emmeline Rocha-Sinha 2 Q. If you would take just a minute to 3 review Exhibit 1865 which bears the Bates 4 numbered MBIA 010762 through MBIA 010929. 5 MS. MITCHELL: Is there something 6 specific you would like her to look at? 7 Q. I would like you to focus your 8 attention in the page ending with the Bates 9 number 762, again of this Exhibit 1865. Do you 10 recognize Exhibit 1865 as the offering statement 11 for the Allegheny General Hospital bonds issued 12 in 1991? 13 A. Yes. 14 Q. Do you recall that MBIA provided 15 bond insurance for certain of the bonds issued by 16 Allegheny General Hospital in 1991? 17 A. Yes. 18 Q. If I could direct your attention to 19 the first page of the document which I think 20 you're looking at. Is it consistent with your 21 recollection that MBIA insured roughly 25 million 22 of this bond issuance? 23 MR. WITTEN: What number did you 24 say? 25 MR. KRUSKO: It's the first page,</p>	<p>Page 118</p> <p>1 Emmeline Rocha-Sinha 2 Q. It's possible that MBIA might have 3 provided bond insurance in multiple years, 4 correct? 5 A. Possibly, I don't recall. 6 Q. Do you recall the health care unit 7 under your supervision at this time, January 1991 8 or thereabouts, performing any due diligence of 9 Allegheny General Hospital in connection with a 10 bond offering about that time? 11 A. No, I do not recall any due 12 diligence. 13 Q. Do you recall an organization by the 14 name of the Allegheny Health, Education & 15 Research Foundation or AHERF? 16 A. Yes, I do recall an organization by 17 that name. 18 Q. Is it your recollection that that 19 entity was the parent company of Allegheny 20 General Hospital? 21 A. Yes. 22 Q. Do you recall any conversations with 23 anyone at AHERF in this time frame, January 1991, 24 with respect to a 1991 bond offering by Allegheny 25 General Hospital?</p>
<p>Page 119</p> <p>1 Emmeline Rocha-Sinha 2 I'm directing the witness' attention to the break 3 down in the terms of the bonds which appears -- 4 MR. WITTEN: Your question was 25 5 million? 6 MR. KRUSKO: Roughly. 7 MS. MITCHELL: If she recalls that? 8 Q. I'm just asking you whether that's 9 consistent with your recollection, that MBIA 10 provided bond insurance for roughly 25 million in 11 bonds offered by Allegheny General Hospital? 12 A. Honestly I don't recollect what the 13 amount was that we insured on this deal. 14 Q. Do you recall an entity, Allegheny 15 General Hospital? 16 A. Yes. 17 Q. What's your recollection of that 18 entity? 19 A. That we insured their transaction, 20 but I do not recall the exact amount. 21 Q. By transaction, do you mean the 1991 22 bond offering? 23 A. I also do not recall whether we 24 insured them in 1991 or which year for that 25 matter we insured them.</p>	<p>Page 121</p> <p>1 Emmeline Rocha-Sinha 2 MS. MITCHELL: Objection, 3 conversations between whom? 4 Q. Do you understand the question? 5 A. No, I don't understand the question. 6 Q. In the late 1990 to early 1991 time 7 frame, do you recall having discussions with 8 anyone in AHERF in connection with an upcoming 9 bond issuance by Allegheny General Hospital? 10 A. I do not recall any specific 11 conversations with AHERF, no, I don't recall. 12 Q. Do you recall when you first learned 13 or became familiar with Allegheny General 14 Hospital? 15 A. No, I don't recall when, but I 16 imagine it's in relation to this bond issue. 17 Q. I believe you have before you 18 Exhibit 1866, which is Bates numbered MBIA 001785 19 through MBIA 001808; do you have that document 20 before you? 21 A. Yes. 22 Q. If I could direct your attention to 23 the page 001804, I apologize for skipping ahead a 24 little bit, do you recognize this exhibit, 1866, 25 as a loan agreement between the Pennsylvania</p>

<p style="text-align: right;">Page 242</p> <p>1 Emmeline Rocha-Sinha 2 MS. MITCHELL: Objection. 3 A. I don't recall. 4 Q. Do you recall being concerned at the 5 time that after a number of acquisitions, 6 including the Hahnemann University Hospital 7 System, that AHERF had not yet achieved any real 8 market share in the Philadelphia area? 9 A. That would have been too detailed an 10 item for me to recall; no, I don't recall. 11 MR. KRUSKO: Let's go off the 12 record. 13 THE VIDEOGRAPHER: Going off the 14 record at 5:02. This is tape number 4. 15 (Time noted: 5:02 p.m.)</p> <p>16</p> <p>17</p> <p>18</p> <p>19 EMMELINE ROCHA-SINHA</p> <p>20</p> <p>21 Subscribed and sworn to before me 22 this day of , 2003.</p> <p>23</p> <p>24</p> <p>25 Notary Public</p>	<p style="text-align: right;">Page 244</p> <p>1 Index 2 August 5, 2003 3</p> <p style="text-align: center;">EXHIBITS</p> <p>4 NUMBER</p> <p>5 1872 Document Bates stamped MBIA 046039 to MBIA 6 046040...page 187 7 1873 Document Bates numbered MBIA 045955 to MBIA 8 045964...page 198</p> <p>8 1874 Document Bates stamped MBIA 045951 to MBIA 9 045954...page 206 10 1875 Document Bates numbers MBIA 023051 through 11 MBIA 023054...page 220</p> <p>12</p> <p>12 PREVIOUS EXHIBITS INTRODUCED:</p> <p>13 Exhibits Numbered: 672</p> <p>14 338 15 933 16 408 17 618 18 619</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p>1 Index 2 August 5, 2003 3</p> <p style="text-align: center;">WITNESS EXAMINATION BY PAGE</p> <p>4 Emmeline Rocha- Mr. Krusko 4 5 Sinha</p> <p>6 EXHIBITS</p> <p>7 NUMBER</p> <p>8 1861 Document Bates numbers MBIA 048091 through 9 048106...page 81</p> <p>10 1862 Document Bates numbered MBIA 048125 to MBIA 11 048137...page 102</p> <p>12 1863 Document Bates numbered MBIA 003587 to MBIA 13 003691...page 107</p> <p>14 1864 Document Bates numbered MBIA 003560 through 15 MBIA 003572...page 109</p> <p>16 1865 Document Bates numbered MBIA 010762 through 17 MBIA 010929...page 117</p> <p>18 1866 Document Bates numbered MBIA 001785 through 19 MBIA 001808...page 117</p> <p>20 1867 Document Bates numbered MBIA 048107 through 21 MBIA 048115...page 126</p> <p>22 1868 Document Bates numbered MBIA 003573 to MBIA 23 003586...page 137</p> <p>24 1869 Document Bates numbered MBIA 048916 to MBIA 25 048917...page 140</p> <p>26 1870 Document Bates numbered MBIA 024186 through 27 MBIA 024188...page 156</p> <p>28 1871 Document Bates numbered MBIA 047924 through 29 MBIA 047929...page 156</p>	<p style="text-align: right;">Page 245</p> <p>1 E R R A T A 2 I, Roberta Caiola, a Shorthand 3 Reporter and Notary Public within and 4 for the State of New York, do hereby 5 certify: 6</p> <p>7 That the statements, colloquy 8 and testimony contained herein is a 9 true record of the proceedings in 10 this matter.</p> <p>11</p> <p>12 I further certify that I am not 13 related to any of the parties 14 involved in this proceeding, and that 15 I am in no way interested in the 16 outcome of this matter.</p> <p>17</p> <p>18</p> <p>19</p> <p>20 ROBERTA CAIOLA</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>